



MONTANA LEGISLATIVE BRANCH

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DATE: September 27, 2006

TO: Legislative Finance Committee

FROM: Taryn Purdy

RE: Performance Management Projects/Companion Bill

This memo is an introduction to the staff reports on the performance management projects conducted by Legislative Fiscal Division (LFD) staff during the interim, and a brief discussion of the concept of a HB 2 companion bill.

PERFORMANCE MANAGEMENT PROJECTS

In June of 2005, the Legislative Finance Committee (LFC) voted to proceed with an initiative to explore performance management. Alan Peura pursued performance management in the Montana University System (MUS) with the Postsecondary Education Policy and Budget (PEPB) subcommittee of the Education and Local Government interim committee, while Barb Smith, later in partnership with Kris Wilkinson, took on performance management for other state agencies. The results are contained in the next two reports, some components of which you are familiar with from prior reports and discussions.

COMPANION BILL

A common component of both concepts that you will hear more about is that of a companion bill(s) that would accompany HB 2 through the process. As you know, the budgeting process is arguably the most powerful avenue the legislature has of making its expectations and intentions for state government known. However, HB 2 is not always the best vehicle for the legislature to express those expectations and intentions, as was made painfully clear in the last year and a half, due to constitutional limitations on what can be included in the omnibus appropriations bill. A few years ago the LFD brought forward a proposal for a companion bill to HB 2 as a mechanism for formalizing those issues that the legislature wished to convey and/or require that were not appropriate to HB 2. The committee did not vote to proceed.

In the course of its work to address how to articulate and institutionalize accountability factors related to the budget in the MUS, the PEPB, staffed by Alan Peura and Eddy McClure, essentially completed what could be considered a pilot project for the concept of a HB 2

companion bill that could be expanded into other budgeting. There are unique factors, primarily relating to governance issues, with the university system but the concept could easily be adapted.

Performance measurements for other areas of state government are on a pilot path right now, and various performance measures are being collected on selected new proposals in the 2009 biennium budget. If the legislature goes forward and/or expands on this concept, it will need additional budget tools that the concept of companion bills could at least partially address when needed.

Issues and Direction to Staff

If the LFC decides to proceed with the concept of a companion bill for HB 2, there are a number of questions that would need to be addressed before a recommendation could be made to the full legislature, primarily dealing with the maintenance of an orderly process. Any controls that the legislature established to govern these bills would essentially be a subset of the rules adopted by the legislature for the 2007 Legislative Session.

Among the process issues are:

- o How many bills will there be?
 - o One for each subcommittee?
 - o One omnibus bill?
 - o One bill for minor, non-controversial adjustments (i.e. the Code Commissioner bill) and another for more controversial subjects?
- o How many subjects can the bills include (related to question 1, above)
- o When and by whom could the bills be introduced?
 - o Only by the subcommittee chair?
 - o By any member (of either House Appropriations or Senate Finance and Claims) who wishes?
 - o By any member of the legislature when HB 2 is on either floor?
- o What is the process for amending the bill in subcommittee and as the bill(s) progresses?
- o How will the bills follow HB 2?

If the committee wishes to proceed, LFD staff, either with a bulldog group or without, could provide options for the LFC at its November meeting.

Action

There are two options for committee consideration. (Please note that these options are separate from the MUS companion bill concept.)

- 1) Direct staff to develop options for implementation of a companion bill(s) for presentation at the November LFC meeting, either with or without a bulldog group.
- 2) Do not direct staff to proceed.